

Message Text

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INFO OCT-01 IO-14 ISO-00 SS-15 SSO-00 SIG-03 CIAE-00
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E.O. 11652: N/A

UNCLASSIFIED

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TAGS: PEPR, MASS, GR, TU, CY

SUBJECT: SECRETARY VANCE'S STATEMENT TO HIRC

FOLLOWING IS TEXT OF STATEMENT PREPARED FOR DELIVERY BY
SECRETARY TO HIRC APRIL 6:

BEGIN TEXT:

1. I AM PLEASED TO BE HERE TODAY TO REVIEW THE ADMINIS-

TRATION'S SECURITY ASSISTANCE PROPOSALS FOR GREECE, TURKEY AND CYPRUS FOR FY 1979, AND TO DISCUSS MORE GENERALLY UNITED STATES RELATIONS WITH THE COUNTRIES OF THE EASTERN MEDITERRANEAN. UNITED STATES POLICY IN THAT SENSITIVE AND VITAL REGION HAS SEVERAL FUNDAMENTAL GOALS. IT IS VITAL THAT WE STRENGTHEN OUR BILATERAL RELATIONSHIPS WITH TWO FIRM AND LONG-STANDING FRIENDS AND ALLIES--GREECE AND TURKEY. FURTHER, IT IS ESSENTIAL TO STRENGTHEN NATO'S SOUTHERN FLANK, THUS ENHANCING ALLIED SECURITY INTERESTS IN THE EASTERN MEDITERRANEAN. AT THE SAME TIME, THE PRESIDENT AND ALL OF US REMAIN FULLY COMMITTED TO HELP IN THE SEARCH FOR A CYPRUS SOLUTION THAT WILL PERMIT THE TWO CYPRIOT COMMUNITIES TO LIVE PEACEFULLY TOGETHER WITHIN ONE NATION.

2. LET ME EMPHASIZE THAT EACH OF THESE GOALS IS EQUALLY

IMPORTANT, AND GREAT EFFORT AND ATTENTION MUST BE PAID TO THEM IF WE ARE TO SUCCEED. THEIR PURSUIT HAS BEEN COMPLICATED BY THE WAY IN WHICH HISTORY HAS INTER-WOVEN THE ISSUES AT PLAY IN THE REGION.

3. I WISH TO OUTLINE TODAY THE ADMINISTRATION'S PROGRAM FOR DEALING WITH THESE ISSUES WHICH WE BELIEVE WILL BREAK UNCLASSIFIED

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THE PRESENT IMPASSE. WE URGE APPROVAL OF THESE PROPOSALS. THE CONSEQUENCES OF FAILURE WOULD BE ENORMOUS FOR ALL OF US.

BILATERAL RELATIONS

4. THE CLIFFORD MISSION TO THE REGION IN THE FIRST WEEK: OF THE NEW ADMINISTRATION DEMONSTRATED THE HIGH PRIORITY WHICH THE ADMINISTRATION PLACED AND STILL PLACES ON RESTORING HEALTHY RELATIONSHIPS WITH OUR EASTERN MEDITERRANEAN FRIENDS.

5. IN GREECE, WE HAVE WATCHED WITH ADMIRATION AND RESPECT AS THAT COUNTRY RETURNED TO ITS PLACE AS A LEADING MEMBER OF THE FAMILY OF WESTERN DEMOCRACIES. GREECE'S DEMOCRATIC INSTITUTIONS HAVE BEEN RESTORED AND STRENGTHENED UNDER THE SOUND AND CONFIDENT LEADERSHIP OF PRIME MINISTER CARAMANLIS, WHO RETURNED IN JULY 1974 TO GUIDE GREECE OUT OF ONE OF THE DARKEST PERIODS OF ITS HISTORY. WE HAVE WITNESSED THE ECONOMIC SUCCESSES OF GREECE AND THE STEADY PROGRESS TOWARD GREEK ENTRY INTO THE EUROPEAN COMMUNITY, AN ENTITY WHOSE IDEALS AND ASPIRATIONS WE SHARE.

6. BECAUSE OF PRIME MINISTER CARAMANLIS' INTERNATIONAL STATURE AND THE DYNAMISM OF THE GREEK PEOPLE, WE BELIEVE GREECE CAN AND WILL PLAY A VITAL ROLE IN EUROPEAN AND WORLD AFFAIRS. WE VALUE GREECE AS AN OLD AND TRUSTED

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7. OUR BILATERAL RELATIONS WITH TURKEY ARE ALSO OF GREAT IMPORTANCE. AS A RESULT OF THE CLIFFORD MISSION, THE MEETING BETWEEN PRESIDENT CARTER AND PRIME MINISTER UNCLASSIFIED

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DEMIREL DURING THE LONDON SUMMIT IN MAY, MY VISIT TO ANKARA IN JANUARY AND THAT OF DEPUTY SECRETARY CHRISTOPHER LAST WEEK, SOME PROGRESS WAS MADE TOWARD WORKING OUT A REVITALIZED RELATIONSHIP. WE BELIEVE THAT THE UNITED STATES MUST VIEW TURKEY FROM FRESH PERSPECTIVES, FOR THE

RELATIONSHIP HAS MANY DIMENSIONS. OUR COMMON SECURITY CONCERNS HAVE IN THE PAST AND WILL CONTINUE TO PLAY AN IMPORTANT PART IN OUR EVOLVING RELATIONSHIP. TURKEY IS A MAJOR DEMOCRACY WITH A ROBUST PARLIAMENTARY SYSTEM. IT IS ALSO AN IMPORTANT DEVELOPING COUNTRY--ONE OF THE FEW THAT HAS MAINTAINED THE MOMENTUM OF DEVELOPMENT WITHIN A STRONG DEMOCRATIC FRAMEWORK. TURKEY IS BOTH A EUROPEAN AND AN ASIAN NATION, AND IT IS LIKELY TO HAVE A GROWING ROLE IN THE REGION AND THE WORLD. OUR RELATIONSHIP WITH TURKEY HAS, HOWEVER, BEEN CONSTRAINED BY THE EMBARGO PROVISIONS OF SECTION 620(X) OF THE FOREIGN ASSISTANCE ACT AND THE UNCERTAINTY CONCERNING OUR BILATERAL DEFENSE RELATIONSHIP.

STRENGTHENING NATO

8. THE EASTERN MEDITERRANEAN IS THE JUNCTION POINT OF SEVERAL CRITICAL AREAS - WESTERN EUROPE, THE BALKANS, THE SOVIET UNION AND THE MIDDLE EAST. THE CONTINUING STRATEGIC SIGNIFICANCE OF THIS AREA IS CLEAR. TO PROTECT OUR INTERESTS AND THOSE OF OUR ALLIES A STRONG AND EFFECTIVE NATO SOUTHERN FLANK IS ESSENTIAL. UNFORTUNATELY OVER THE LAST SEVERAL YEARS THE EFFECTIVENESS OF THIS FLANK HAS BEEN ERODED IN A MANNER THAT IS OF GRAVE CONCERN TO THIS ADMINISTRATION AND TO OUR ALLIES.

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THE STRATEGIC VALUE OF THAT COUNTRY. THESE BASES ARE CRITICAL TO THE OPERATIONS OF THE SIXTH FLEET AND TO A VARIETY OF OTHER ACTIVITIES ESSENTIAL TO OUR SECURITY INTERESTS IN THE AREA. THE GOVERNMENT OF GREECE WITHDREW

ITS MILITARY FORCES FROM NATO'S INTEGRATED MILITARY STRUCTURE IN 1974, AND TIED ITS FULL REINTEGRATION TO PROGRESS ON THOSE ISSUES WHICH IT FEELS FORCED ITS DECISION TO WITHDRAW. HOWEVER, ; SHOULD NOTE THAT, IN THE INTERIM, U.S. MILITARY FACILITIES IN GREECE HAVE CONTINUED TO OPERATE WITHOUT INTERRUPTION. RECENTLY, THERE HAVE BEEN SERIOUS DISCUSSIONS BETWEEN NATO AND GREECE OFFERING GROUNDS FOR OPTIMISM THAT A CLOSER RELATIONSHIP MAY BE DEVELOPED IN THE COMING MONTHS. IF THIS CONTINUING EFFORT IS SUCCESSFUL, IT WILL BE A MAJOR STEP TOWARD A HEALTHY NORMALIZATION OF GREECE'S PARTICIPATION IN NATO.

10. TURKEY, FOR ITS PART, REMAINS A FULL NATO MEMBER AND ITS GEOGRAPHIC POSITION IS CRITICAL TODAY--AS IT HAS BEEN THROUGHOUT HISTORY. IT SUPPLIES MORE GROUND FORCES TO NATO THAN ANY OTHER NATION. YET THE MATERIAL READINESS OF TURKISH FORCES HAS DETERIORATED SERIOUSLY IN RECENT YEARS. IF TURKEY IS TO CONTINUE TO PLAY ITS NATO ROLE,

OUR RELATIONSHIP MUST BE REVITALIZED. IF WE FAIL TO DO SO THERE WILL BE THOSE IN TURKEY WHO WILL QUESTION THE BASIS FOR ITS CONTINUED PARTICIPATION IN THE WESTERN ALLIANCE.

SEEKING A CYPRUS SOLUTION

11. THIS ADMINISTRATION HAS, FROM ITS VERY FIRST DAYS, PLACED A HIGH PRIORITY ON THE ACHIEVEMENT OF A JUST SETTLEMENT OF THE CYPRUS PROBLEM. WE REMAIN COMMITTED TO THAT GOAL.

12. WE ARE COMMITTED TO THIS GOAL FOR TWO REASONS: FIRST, "O LONG AS CYPRUS IS DIVIDED AND ITS STATUS UNCERTAIN, IT UNCLASSIFIED

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CONSTITUTES A VERY SERIOUS HUMANITARIAN ISSUE; SECOND, SO LONG AS THE CYPRUS PROBLEM REMAINS UNSOLVED, IT IS A SUBSTANTIAL IMPEDIMENT TO GOOD RELATIONS BETWEEN GREECE AND TURKEY.

13. IN SUPPORT OF OUR COMMITMENT TO THE ACHIEVEMENT OF A CYPRUS SETTLEMENT, THE ADMINISTRATION HAS MADE EXTENSIVE EFFORTS DURING THE PAST YEAR TO ENCOURAGE REALISTIC ANY MEANINGFUL NEGOTIATIONS BETWEEN THE PARTIES UNDER THE AUSPICES OF THE SECRETARY GENERAL. THOSE EFFORTS, WHICH INCLUDED MANY HIGH-LEVEL VISITS, MEETINGS, AND DISCUSSIONS, HAVE BEEN SET FORTH IN DETAIL BY THE PRESIDENT IN HIS BI-MONTHLY REPORTS TO THE CONGRESS. I WILL NOT REPEAT THEM HERE.

14. UNFORTUNATELY, DESPITE THESE EFFORTS, THE INTER-COMMUNAL TALKS HAVE NOT TO DATE PRODUCED ANY TANGIBLE BREAKTHROUGH. THERE HAS, HOWEVER, BEEN A GROWING CON-

SENSUS AS TO A FRAMEWORK FOR A SOLUTION. THE TWO COMMUNITIES IN CYPRUS, AS WELL AS THE GOVERNMENTS OF GREECE AND TURKEY AND, IN FACT, THE INTERNATIONAL COMMUNITY AS A WHOLE, ARE IN BROAD AGREEMENT WITH RESPECT TO THE FOLLOWING: CYPRUS MUST REMAIN A SOVEREIGN, INDEPENDENT NATION--PARTITION HAS BEEN RULED OUT AS A VIABLE SOLUTION. CYPRUS SHOULD BE A FEDERATION WITH TWO ZONES. THE TURKISH ZONE SHOULD PROVIDE A VIABLE AREA FOR THE TURKISH CYPRIOT COMMUNITY BUT REDUCED IN SIZE FROM THAT NOW ADMINISTERED BY THE TURKISH SIDE. THE CONSTITUTION SHOULD PROVIDE FOR MUTUALLY AGREED-UPON RESPONSIBILITIES DIVIDED BETWEEN CENTRAL AND LOCAL GOVERNMENTS WITH ADEQUATE SAFEGUARDS RESPECTING THE RIGHTS OF INDIVIDUAL CYPRIOTS.

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15. THE TASK NOW IS TO MOVE FROM THIS CONSENSUS TO A CONCRETE AGREEMENT THAT WILL BE ACCEPTABLE TO THE TWO

COMMUNITIES ON CYPRUS. AS A PART OF THIS EFFORT, THE GREEK CYPRIOT NEGOTIATORS TABLED A MAP IN VIENNA IN APRIL 1977 AND DESCRIBED THEIR CONSTITUTIONAL CONCEPTS. THE TURKISH CYPRIOTS OUTLINED SOME OF THEIR CONSTITUTIONAL IDEAS. THE TURKISH SIDE IS NOW FORMULATING CONSTITUTIONAL AND TERRITORIAL PROPOSALS WHICH THEY BELIEVE WILL SERVE AS A BASIS FOR THE RESUMPTION OF ACTIVE INTERCOMMUNAL NEGOTIATIONS. WE BELIEVE THAT WITH TWO THOUGHTFUL CONSTITUTIONAL AND TERRITORIAL PROPOSALS ON THE TABLE, COMBINED WITH SUFFICIENT GOODWILL AND A SENSE OF REALISM ON BOTH SIDES, THERE IS AN OPPORTUNITY FOR PRODUCTIVE NEGOTIATIONS. WE STAND READY, IF REQUESTED, TO ASSIST THE SECRETARY GENERAL IN MOVING THESE NEGOTIATIONS FORWARD.

RECOMMENDATION

16. WE HAVE MUTUALLY AGREED WITH THE GOVERNMENT OF TURKEY TO RENEGOTIATE THE MATTERS COVERED BY THE DEFENSE COOPERATION AGREEMENT SO AS TO SERVE OUR BILATERAL SECURITY INTERESTS IN A MANNER THAT THE TWO GOVERNMENTS CAN BE CONFIDENT WILL REFLECT THE BROADEST INTERESTS OF OUR TWO DEMOCRACIES. IT IS NOT EASY TO PREDICT WHEN NEW ARRANGEMENTS WILL BE CONCLUDED SINCE THE ISSUES ARE COMPLEX. HOWEVER, WE HAVE AGREED WITH THE GOVERNMENT OF TURKEY TO GIVE THIS EFFORT PROMPT ATTENTION AND TO ACT PROMPTLY TO IMPLEMENT THE NEW AGREEMENT AFTER IT IS CONCLUDED. OF COURSE, WE WILL CONSULT CLOSELY WITH THE CONGRESS CONCERNING SUCH NEGOTIATIONS. EVEN AS WE ARE WORKING TOWARDS THIS END, WE BELIEVE WE MUST DEAL WITH ISSUES OF IMMEDIATE CONCERN TO US AND THE REGION. WE ARE THEREFORE SUBMITTING, IN THE FORM OF AN AMENDMENT TO THE SECURITY ASSISTANCE ACT, PROPOSED LEGISLATION TO DEAL

WITH THIS NEW SITUATION.

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17. FOR TURKEY, WE PROPOSE THE FOLLOWING WITH RESPECT TO FY 79: (1) TO PROVIDE FMS LOAN GUARANTIES OF 175 MILLION DOLLARS, SO THAT WE CAN HELP MEET THE MOST URGENT NEEDS OF THE TURKISH MILITARY. THIS IS THE SAME AMOUNT AS WAS PROVIDED TO TURKEY LAST YEAR. (2) TO LIFT THE EMBARGO CONTAINED IN SECTION 620(X) OF THE FAA SO THAT WE CAN FULLY COOPERATE WITH TURKEY IN A MANNER CONSONANT WITH THE REQUIREMENTS OF AN ALLIANCE IMPORTANT TO OUR MUTUAL SECURITY. THIS WOULD FACILITATE JOINT AND ALLIED DEFENSE PLANNING; ENHANCE ALLIED SUPPORT FOR TURKEY'S NATO NEEDS VIA THIRD COUNTRY TRANSFERS AND IMPROVED STANDARDIZATION; AND PERMIT THE DELIVERY OF ITEMS IMPOUNDED SINCE THE EMBARGO WAS PUT IN FORCE. (3) TO PROVIDE A SECURITY SUPPORTING ASSISTANCE LOAN OF 50

MILLION DOLLARS TO TURKEY TO ASSIST TURKEY IN RESOLVING ITS PRESENT ECONOMIC DIFFICULTIES. I WOULD NOTE IN THIS CONNECTION THAT A STABILIZATION PACKAGE WAS RECENTLY WORKED OUT BETWEEN TURKEY AND THE IMF STAFF, AND IS PENDING BEFORE THE BOARD.

18. FOR GREECE WE WOULD LIKEWISE CONTINUE THE LEVEL OF FMS FINANCING AT LAST YEAR'S LEVEL, THAT IS, 140 MILLION DOLLARS. THIS IS SOMEWHAT HIGHER THAN THE ADMINISTRATION REQUESTED IN ITS BUDGET SUBMISSION AND REFLECTS OUR DESIRE TO MAINTAIN BOTH GREECE AND TURKEY AT LAST YEAR'S FMS CREDIT LEVELS. NO GRANT MILITARY ASSISTANCE IS BEING REQUESTED FOR EITHER COUNTRY AT THIS TIME.

19. THE LIFTING OF THE EMBARGO AND THE NEGOTIATION OF NEW DEFENSE ARRANGEMENTS WITH TURKEY WILL PROVIDE A CORE OF STABILITY TO OUR BILATERAL RELATIONS AND ENABLE US TO
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ESTABLISH A RENEWED SENSE OF TRUST SO THAT WE MAY WORK TOGETHER TO RESOLVE IMPORTANT PROBLEMS. IT SHOULD BE CLEAR THAT THIS DOES NOT SIGNAL ANY SHIFT IN U.S. POLICY AS REGARDS GREEK-TURKISH DIFFERENCES. THEY ARE BOTH FRIENDS AND VALUED ALLIES. WE SUPPORT THEIR EFFORTS TO RESOLVE ALL PROBLEMS BETWEEN THEMSELVES IN A PEACEFUL FASHION. WE STRONGLY BELIEVE THAT OUR NATIONAL INTERESTS REQUIRE THE RESTORATION OF SOUND, NORMALIZED BILATERAL RELATIONSHIPS WITH TURKEY AND WITH GREECE, AND OUR PROPOSALS TODAY ARE MADE FOR THAT REASON.

20. THEY SHOULD HELP RESTORE A STABLE AND PEACEFUL ATMOSPHERE IN THE EASTERN MEDITERRANEAN; SOMETHING WHICH WILL

BENEFIT ALL NATIONS IN THE REGION. IN THAT REGARD, IT REMAINS THE POSITION OF THE U.S. THAT THE DISPUTES WHICH EXIST IN THE AREA MUST BE SETTLED THROUGH PEACEFUL PROCEDURES; THAT EACH SIDE SHOULD AVOID PROVOCATIVE ACTIONS AND THAT NEITHER SIDE SHOULD SEEK A MILITARY SOLUTION TO THESE DISPUTES. THE U.S. WOULD ACTIVELY AND UNEQUIVOCALLY OPPOSE A MILITARY SOLUTION AND WOULD MAKE A MAJOR EFFORT TO PREVENT SUCH A COURSE OF ACTION.

21. IT HAS BEEN SUGGESTED THAT LIFTING THE EMBARGO, OR EVEN PROPOSING FURTHER MILITARY OR ECONOMIC ASSISTANCE FOR TURKEY, SHOULD BE DELAYED UNTIL SUCH TIME AS A FINAL CYPRUS SOLUTION IS ACHIEVED. THE ADMINISTRATION DOES NOT SHARE THAT VIEW, AND DOES NOT, FOR THE IMPORTANT REASONS I HAVE OUTLINED, BELIEVE UNITED STATES NATIONAL INTERESTS WOULD BE SERVED BY SUCH A COURSE. THE ADMINISTRATION WILL CONTINUE TO MAKE EVERY EFFORT TO HELP BRING ABOUT A JUST SOLUTION TO THE CYPRUS PROBLEM. THE ACTION WE REQUEST TODAY IS NOT IN OUR VIEW INCON-

SISTENT WITH THOSE EFFORTS. WE BELIEVE IT CAN ACTUALLY FACILITATE THE NEGOTIATION PROCESS. WITH THE CYPRUS NEGOTIATIONS ENTERING A CRITICAL PERIOD, THE UNITED STATES
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CAN PLAY A MORE USEFUL ROLE IF WE ARE SEEN BY ALL THE PARTIES TO BE EVEN-HANDED IN OUR APPROACH. AN EMBARGO AGAINST ONE SIDE MAKES IT DIFFICULT TO PLAY THAT ROLE.

22. LET ME MAKE ANOTHER POINT ABOUT THE EMBARGO. SECTION 620(X) WAS ENACTED BY THE CONGRESS TO DEMONSTRATE THAT ALL FACETS OF AGREEMENTS UNDERTAKEN WITH THE UNITED STATES GOVERNMENT MUST BE HONORED OR SERIOUS CONSEQUENCES FACED. THIS IS A POINT OF PRINCIPLE WHICH HAS HAD ITS IMPACT BOTH IN TURKEY AND THROUGHOUT THE WORLD--DEMONSTRATING THE SERIOUSNESS WITH WHICH THE AMERICAN PEOPLE VIEW ANY UNAUTHORIZED USE OF OUR MILITARY EQUIPMENT. THE POINT WAS MADE DRAMATICALLY AND EFFECTIVELY. NOW THE TIME HAS COME TO LOOK FORWARD RATHER THAN BACK. CONTINUED MAINTENANCE OF THE EMBARGO WOULD BE HARMFUL TO U.S. SECURITY CONCERNS, HARMFUL TO NATO, HARMFUL TO OUR BILATERAL RELATIONS WITH TURKEY AND HARMFUL TO OUR ROLE AS A POTENTIAL CONTRIBUTOR TO A CYPRUS SETTLEMENT.

23. LET ME CONCLUDE WITH A BRIEF FACTUAL DESCRIPTION OF OUR RECOMMENDATIONS FOR ASSISTANCE TO CYPRUS FOR THE COMING YEAR.

24. AS YOU WILL HAVE NOTED, THE ADMINISTRATION IS REQUESTING FIVE MILLION DOLLARS IN FY 1978 SECURITY SUPPORTING ASSISTANCE FOR CYPRUS AS A CONTRIBUTION TOWARDS THE RELIEF AND REHABILITATION OF DISPLACED PERSONS

THERE. AS IN THE PAST, THESE FUNDS WILL BE PROPORTIONATE-
LY DISTRIBUTED TO THE TWO ETHNIC COMMUNITIES ON CYPRUS,
AND WILL BE EARMARKED FOR PROJECTS SUCH AS HOUSING CON-
STRUCTION, HEALTH CARE AND VOCATIONAL EDUCATION. SINCE
FY 1975, THE U.S. HAS CONTRIBUTED A TOTAL OF 87.5 MILLION
DOLLARS FOR CYPRUS RELIEF, AND OVER 9 MILLION DOLLARS
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ANNUALLY TO SUPPORT THE UNITED NATIONS PEACEKEEPING
FORCES IN CYPRUS.

25. WE BELIEVE THAT THESE NEW FUNDS WILL BE EFFECTIVELY
UTILIZED BY CYPRIOT AUTHORITIES FOR WORTHWHILE REFUGEE
ASSISTANCE PROGRAMS, AND WILL UNDERScore OUR CONTINUING
CONCERN FOR THE PEOPLE OF CYPRUS AND OUR STRONG INTEREST
IN PROMOTING NEGOTIATION OF A JUST AND LASTING SETTLE-
MENT ON THE ISLAND.

26. A SETTLEMENT OF THE CYPRUS PROBLEM, AND THE ADOPTION
OF A NEW CONSTITUTION WITH THE CONCOMITANT CREATION OF
TWO ZONES, WILL REQUIRE SOME SIGNIFICANT EXPENSES,

INVOLVING THE RESETTLEMENT OF PEOPLE, THE RETURN OF
REFUGEES AND THE CREATION OF NEW FACILITIES. THIS
ADMINISTRATION WISHES TO PLEDGE THAT, WHEN A SETTLEMENT
IS ACHIEVED, WE WILL REASSESS THE QUESTION OF ECONOMIC
ASSISTANCE, AND ARE PREPARED TO REQUEST FROM THE CONGRESS
ADDITIONAL AID TO ASSIST BOTH THE GREEK AND TURKISH
CYPRIOT COMMUNITIES IN MAKING THE NECESSARY ECONOMIC,
SOCIAL AND POLITICAL READJUSTMENT BROUGHT ABOUT BY A
SOLUTION TO THIS TROUBLING PROBLEM.

27. THANK YOU. I WILL BE HAPPY TO ANSWER ANY QUESTIONS
YOU MAY HAVE. END TEXT.

28. THE SECRETARY DELIVERED THE ABOVE TEXT VERBATIM AS
PREPARED. VANCE

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INFO OCT-01 ISO-00 /005 R

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FOLLOWING REPEAT STATE 088830 SENT ACTION ANKARA ATHENS
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9. THE UNITED STATES HAS A NUMBER OF VITALLY IMPORTANT MILITARY INSTALLATIONS IN GREECE WHICH ARE TESTIMONY TO THE STRATEGIC VALUE OF THAT COUNTRY. THESE BASES ARE CRITICAL TO THE OPERATIONS OF THE SIXTH FLEET AND TO A VARIETY OF OTHER ACTIVITIES ESSENTIAL TO OUR SECURITY INTERESTS IN THE AREA. THE GOVERNMENT OF GREECE WITHDREW ITS MILITARY FORCES FROM NATO'S INTEGRATED MILITARY STRUCTURE IN 1974, AND TIED ITS FULL REINTEGRATION TO PROGRESS ON THOSE ISSUES WHICH IT FEELS FORCED ITS DECISION TO WITHDRAW. HOWEVER, WE SHOULD NOTE THAT, IN THE INTERIM, U.S. MILITARY FACILITIES IN GREECE HAVE CONTINUED TO OPERATE WITHOUT INTERRUPTION. RECENTLY, THERE HAVE BEEN SERIOUS DISCUSSIONS BETWEEN NATO AND GREECE OFFERING GROUNDS FOR OPTIMISM THAT A CLOSER RELATIONSHIP MAY BE DEVELOPED IN THE COMING MONTHS. IF THIS CONTINUING

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EFFORT IS SUCCESSFUL, IT WILL BE A MAJOR STEP TOWARD A HEALTHY NORMALIZATION OF GREECE'S PARTICIPATION IN NATO.

10. TURKEY, FOR ITS PART, REMAINS A FULL NATO MEMBER AND ITS GEOGRAPHIC POSITION IS CRITICAL TODAY--AS IT HAS BEEN THROUGHOUT HISTORY. IT SUPPLIES MORE GROUND FORCES TO NATO THAN ANY OTHER NATION. YET THE MATERIAL READINESS OF TURKISH FORCES HAS DETERIORATED SERIOUSLY IN RECENT YEARS. IF TURKEY IS TO CONTINUE TO PLAY ITS NATO ROLE,

OUR RELATIONSHIP MUST BE REVITALIZED. IF WE FAIL TO DO SO THERE WILL BE THOSE IN TURKEY WHO WILL QUESTION THE BASIS FOR ITS CONTINUED PARTICIPATION IN THE WESTERN ALLIANCE.

SEEKING A CYPRUS SOLUTION

11. THIS ADMINISTRATION HAS, FROM ITS VERY FIRST DAYS,

PLACED A HIGH PRIORITY ON THE ACHIEVEMENT OF A JUST SETTLEMENT OF THE CYPRUS PROBLEM. WE REMAIN COMMITTED TO THAT GOAL.

12. WE ARE COMMITTED TO THIS GOAL FOR TWO REASONS: FIRST, "O LONG AS CYPRUS IS DIVIDED AND ITS STATUS UNCERTAIN, IT CONSTITUTES A VERY SERIOUS HUMANITARIAN ISSUE; SECOND, SO LONG AS THE CYPRUS PROBLEM REMAINS UNSOLVED, IT IS A SUBSTANTIAL IMPEDIMENT TO GOOD RELATIONS BETWEEN GREECE AND TURKEY.

13. IN SUPPORT OF OUR COMMITMENT TO THE ACHIEVEMENT OF A CYPRUS SETTLEMENT, THE ADMINISTRATION HAS MADE EXTENSIVE EFFORTS DURING THE PAST YEAR TO ENCOURAGE REALISTIC ANY MEANINGFUL NEGOTIATIONS BETWEEN THE PARTIES UNDER THE AUSPICES OF THE SECRETARY GENERAL. THOSE EFFORTS, WHICH INCLUDED MANY HIGH-LEVEL VISITS, MEETINGS, AND DISCUSSIONS, HAVE BEEN SET FORTH IN DETAIL BY THE PRESIDENT IN HIS BIMONTHLY REPORTS TO THE CONGRESS. I WILL NOT REPEAT THEM

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HERE.

14. UNFORTUNATELY, DESPITE THESE EFFORTS, THE INTERCOMMUNAL TALKS HAVE NOT TO DATE PRODUCED ANY TANGIBLE BREAKTHROUGH. THERE HAS, HOWEVER, BEEN A GROWING CONSENSUS AS TO A FRAMEWORK FOR A SOLUTION. THE TWO COMMUNITIES IN CYPRUS, AS WELL AS THE GOVERNMENTS OF GREECE AND TURKEY AND, IN FACT, THE INTERNATIONAL COMMUNITY AS A WHOLE, ARE IN BROAD AGREEMENT WITH RESPECT TO THE FOLLOWING: CYPRUS MUST REMAIN A SOVEREIGN, INDEPENDENT NATION--PARTITION HAS BEEN RULED OUT AS A VIABLE SOLUTION. CYPRUS SHOULD BE A FEDERATION WITH TWO ZONES. THE TURKISH ZONE SHOULD PROVIDE A VIABLE AREA FOR THE TURKISH CYPRIOT COMMUNITY BUT REDUCED IN SIZE FROM THAT NOW ADMINISTERED BY THE TURKISH SIDE. THE CONSTITUTION SHOULD PROVIDE FOR MUTUALLY AGREED-UPON RESPONSIBILITIES DIVIDED BETWEEN CENTRAL AND LOCAL GOVERNMENTS WITH ADEQUATE SAFEGUARDS RESPECTING THE RIGHTS OF INDIVIDUAL CYPRIOTS.

15. THE TASK NOW IS TO MOVE FROM THIS CONSENSUS TO A CONCRETE AGREEMENT THAT WILL BE ACCEPTABLE TO THE TWO

COMMUNITIES ON CYPRUS. AS A PART OF THIS EFFORT, THE GREEK CYPRIOT NEGOTIATORS TABLED A MAP IN VIENNA IN APRIL 1977 AND DESCRIBED THEIR CONSTITUTIONAL CONCEPTS. THE TURKISH CYPRIOTS OUTLINED SOME OF THEIR CONSTITUTIONAL IDEAS. THE TURKISH SIDE IS NOW FORMULATING CONSTITUTIONAL AND TERRITORIAL PROPOSALS WHICH THEY BELIEVE WILL SERVE AS A BASIS FOR THE RESUMPTION OF ACTIVE INTERCOMMUNAL NEGOTIATIONS. WE BELIEVE THAT WITH TWO THOUGHTFUL CON-

STITUTIONAL AND TERRITORIAL PROPOSALS ON THE TABLE, COMBINED WITH SUFFICIENT GOODWILL AND A SENSE OF REALISM ON UNCLASSIFIED

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BOTH SIDES, THERE IS AN OPPORTUNITY FOR PRODUCTIVE NEGOTIATIONS. WE STAND READY, IF REQUESTED, TO ASSIST THE SECRETARY GENERAL IN MOVING THESE NEGOTIATIONS FORWARD.

RECOMMENDATION

16. WE HAVE MUTUALLY AGREED WITH THE GOVERNMENT OF TURKEY TO RENEGOTIATE THE MATTERS COVERED BY THE DEFENSE COOPERATION AGREEMENT SO AS TO SERVE OUR BILATERAL SECURITY INTERESTS IN A MANNER THAT THE TWO GOVERNMENTS CAN BE CONFIDENT WILL REFLECT THE BROADEST INTERESTS OF OUR TWO DEMOCRACIES. IT IS NOT EASY TO PREDICT WHEN NEW ARRANGEMENTS WILL BE CONCLUDED SINCE THE ISSUES ARE COMPLEX. HOWEVER, WE HAVE AGREED WITH THE GOVERNMENT OF TURKEY TO GIVE THIS EFFORT PROMPT ATTENTION AND TO ACT PROMPTLY TO IMPLEMENT THE NEW AGREEMENT AFTER IT IS CONCLUDED. OF COURSE, WE WILL CONSULT CLOSELY WITH THE CONGRESS CONCERNING SUCH NEGOTIATIONS. EVEN AS WE ARE WORKING TOWARDS THIS END, WE BELIEVE WE MUST DEAL WITH ISSUES OF IMMEDIATE CONCERN TO US AND THE REGION. WE ARE THEREFORE SUBMITTING, IN THE FORM OF AN AMENDMENT TO THE SECURITY ASSISTANCE ACT, PROPOSED LEGISLATION TO DEAL WITH THIS NEW SITUATION.

17. FOR TURKEY, WE PROPOSE THE FOLLOWING WITH RESPECT TO FY OC KQWS TO PROVIDE FMS LOAN GUARANTIES OF 175 MILLION DOLLARS, SO THAT WE CAN HELP MEET THE MOST URGENT NEEDS OF THE TURKISH MILITARY. THIS IS THE SAME AMOUNT AS WAS PROVIDED TO TURKEY LAST YEAR. (2) TO LIFT THE EMBARGO CONTAINED IN SECTION 620(X) OF THE FAA SO THAT WE CAN FULLY COOPERATE WITH TURKEY IN A MANNER CONSONANT WITH THE REQUIREMENTS OF AN ALLIANCE IMPORTANT TO OUR MUTUAL SECURITY. THIS WOULD FACILITATE JOINT AND ALLIED DEFENSE PLANNING; ENHANCE ALLIED SUPPORT FOR TURKEY'S NATO NEEDS VIA THIRD COUNTRY TRANSFERS AND IMPROVED STANDARDIZATION; AND PERMIT THE DELIVERY OF ITEMS UNCLASSIFIED

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IMPOUNDED SINCE THE EMBARGO WAS PUT IN FORCE. (3) TO PROVIDE A SECURITY SUPPORTING ASSISTANCE LOAN OF 50

MILLION DOLLARS TO TURKEY TO ASSIST TURKEY IN RESOLVING ITS PRESENT ECONOMIC DIFFICULTIES. I WOULD NOTE IN THIS CONNECTION THAT A STABILIZATION PACKAGE WAS RECENTLY WORKED OUT BETWEEN TURKEY AND THE IMF STAFF, AND IS PENDING BEFORE THE BOARD.

18. FOR GREECE WE WOULD LIKEWISE CONTINUE THE LEVEL OF FMS FINANCING AT LAST YEAR'S LEVEL, THAT IS, 140 MILLION DOLLARS. THIS IS SOMEWHAT HIGHER THAN THE ADMINISTRATION REQUESTED IN ITS BUDGET SUBMISSION AND REFLECTS OUR DESIRE TO MAINTAIN BOTH GREECE AND TURKEY AT LAST YEAR'S FMS CREDIT LEVELS. NO GRANT MILITARY ASSISTANCE IS BEING REQUESTED FOR EITHER COUNTRY AT THIS TIME.

19. THE LIFTING OF THE EMBARGO AND THE NEGOTIATION OF NEW DEFENSE ARRANGEMENTS WITH TURKEY WILL PROVIDE A CORE OF STABILITY TO OUR BILATERAL RELATIONS AND ENABLE US TO ESTABLISH A RENEWED SENSE OF TRUST SO THAT WE MAY WORK TOGETHER TO RESOLVE IMPORTANT PROBLEMS. IT SHOULD BE CLEAR THAT THIS DOES NOT SIGNAL ANY SHIFT IN U.S. POLICY AS REGARDS GREEK-TURKISH DIFFERENCES. THEY ARE BOTH FRIENDS AND VALUED ALLIES. WE SUPPORT THEIR EFFORTS TO RESOLVE ALL PROBLEMS BETWEEN THEMSELVES IN A PEACEFUL FASHION. WE STRONGLY BELIEVE THAT OUR NATIONAL INTERESTS REQUIRE THE RESTORATION OF SOUND, NORMALIZED BILATERAL RELATIONSHIPS WITH TURKEY AND WITH GREECE, AND OUR PROPOSALS TODAY ARE MADE FOR THAT REASON.

20. THEY SHOULD HELP RESTORE A STABLE AND PEACEFUL ATMOSPHERE IN THE EASTERN MEDITERRANEAN; SOMETHING WHICH WILL UNCLASSIFIED

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BENEFIT ALL NATIONS IN THE REGION. IN THAT REGARD, IT REMAINS THE POSITION OF THE U.S. THAT THE DISPUTES WHICH EXIST IN THE AREA MUST BE SETTLED THROUGH PEACEFUL PROCEDURES; THAT EACH SIDE SHOULD AVOID PROVOCATIVE ACTIONS AND THAT NEITHER SIDE SHOULD SEEK A MILITARY SOLUTION TO THESE DISPUTES. THE U.S. WOULD ACTIVELY AND UNEQUIVOCALLY OPPOSE A MILITARY SOLUTION AND WOULD MAKE A MAJOR EFFORT TO PREVENT SUCH A COURSE OF ACTION.

21. IT HAS BEEN SUGGESTED THAT LIFTING THE EMBARGO, OR EVEN PROPOSING FURTHER MILITARY OR ECONOMIC ASSISTANCE FOR TURKEY, SHOULD BE DELAYED UNTIL SUCH TIME AS A FINAL CYPRUS SOLUTION IS ACHIEVED. THE ADMINISTRATION DOES NOT SHARE THAT VIEW, AND DOES NOT, FOR THE IMPORTANT REASONS I HAVE OUTLINED, BELIEVE UNITED STATES NATIONAL INTERESTS WOULD BE SERVED BY SUCH A COURSE. THE ADMINISTRATION WILL CONTINUE TO MAKE EVERY EFFORT TO HELP BRING ABOUT A JUST SOLUTION TO THE CYPRUS PROBLEM. THE ACTION WE REQUEST TODAY IS NOT IN OUR VIEW INCON-

SISTENT WITH THOSE EFFORTS. WE BELIEVE IT CAN ACTUALLY FACILITATE THE NEGOTIATION PROCESS. WITH THE CYPRUS NEGOTIATIONS ENTERING A CRITICAL PERIOD, THE UNITED STATES CAN PLAY A MORE USEFUL ROLE IF WE ARE SEEN BY ALL THE PARTIES TO BE EVEN-HANDED IN OUR APPROACH. AN EMBARGO

AGAINST ONE SIDE MAKES IT DIFFICULT TO PLAY THAT ROLE.

22. LET ME MAKE ANOTHER POINT ABOUT THE EMBARGO. SECTION 620(X) WAS ENACTED BY THE CONGRESS TO DEMONSTRATE THAT ALL FACETS OF AGREEMENTS UNDERTAKEN WITH THE UNITED STATES GOVERNMENT MUST BE HONORED OR SERIOUS CONSEQUENCES FACED. THIS IS A POINT OF PRINCIPLE WHICH HAS HAD ITS IMPACT BOTH IN TURKEY AND THROUGHOUT THE WORLD--DEMONSTRATING THE SERIOUSNESS WITH WHICH THE AMERICAN PEOPLE VIEW ANY UNAUTHORIZED USE OF OUR MILITARY EQUIPMENT. THE POINT WAS MADE DRAMATICALLY AND EFFECTIVELY. NOW THE TIME HAS UNCLASSIFIED

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COME TO LOOK FORWARD RATHER THAN BACK. CONTINUED MAINTENANCE OF THE EMBARGO WOULD BE HARMFUL TO U.S. SECURITY CONCERNS, HARMFUL TO NATO, HARMFUL TO OUR BILATERAL RELATIONS WITH TURKEY AND HARMFUL TO OUR ROLE AS A POTENTIAL CONTRIBUTOR TO A CYPRUS SETTLEMENT.

23. LET ME CONCLUDE WITH A BRIEF FACTUAL DESCRIPTION OF OUR RECOMMENDATIONS FOR ASSISTANCE TO CYPRUS FOR THE COMING YEAR.

24. AS YOU WILL HAVE NOTED, THE ADMINISTRATION IS REQUESTING FIVE MILLION DOLLARS IN FY 1978 SECURITY SUPPORTING ASSISTANCE FOR CYPRUS AS A CONTRIBUTION TOWARDS THE RELIEF AND REHABILITATION OF DISPLACED PERSONS THERE. AS IN THE PAST, THESE FUNDS WILL BE PROPORTIONATELY DISTRIBUTED TO THE TWO ETHNIC COMMUNITIES ON CYPRUS, AND WILL BE EARMARKED FOR PROJECTS SUCH AS HOUSING CONSTRUCTION, HEALTH CARE AND VOCATIONAL EDUCATION. SINCE FY 1975, THE U.S. HAS CONTRIBUTED A TOTAL OF 87.5 MILLION DOLLARS FOR CYPRUS RELIEF, AND OVER 9 MILLION DOLLARS ANNUALLY TO SUPPORT THE UNITED NATIONS PEACEKEEPING FORCES IN CYPRUS.

25. WE BELIEVE THAT THESE NEW FUNDS WILL BE EFFECTIVELY UTILIZED BY CYPRIOT AUTHORITIES FOR WORTHWHILE REFUGEE ASSISTANCE PROGRAMS, AND WILL UNDERSCORE OUR CONTINUING CONCERN FOR THE PEOPLE OF CYPRUS AND OUR STRONG INTEREST IN PROMOTING NEGOTIATION OF A JUST AND LASTING SETTLEMENT ON THE ISLAND.

26. A SETTLEMENT OF THE CYPRUS PROBLEM, AND THE ADOPTION OF A NEW CONSTITUTION WITH THE CONCOMITANT CREATION OF TWO ZONES, WILL REQUIRE SOME SIGNIFICANT EXPENSES, UNCLASSIFIED

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INVOLVING THE RESETTLEMENT OF PEOPLE, THE RETURN OF REFUGEES AND THE CREATION OF NEW FACILITIES. THIS

ADMINISTRATION WISHES TO PLEDGE THAT, WHEN A SETTLEMENT IS ACHIEVED, WE WILL REASSESS THE QUESTION OF ECONOMIC ASSISTANCE, AND ARE PREPARED TO REQUEST FROM THE CONGRESS ADDITIONAL AID TO ASSIST BOTH THE GREEK AND TURKISH CYPRIOT COMMUNITIES IN MAKING THE NECESSARY ECONOMIC, SOCIAL AND POLITICAL READJUSTMENT BROUGHT ABOUT BY A SOLUTION TO THIS TROUBLING PROBLEM.

27. THANK YOU. I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE. END TEXT.

28. THE SECRETARY DELIVERED THE ABOVE TEXT VERBATIM AS PREPARED. VANCE UNQUOTE VANCE

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